

ASOTIN COUNTY, WASHINGTON
January 1, 1992 Through December 31, 1993

Schedule Of Findings

1. The County Fair Should Improve Cash Controls

We performed a review of the county fair operations. Based on our review, we found the following weaknesses in cash controls:

- a. The fair operates out of a revolving fund that has an authorized balance of \$700.00. The account had a balance of \$43,309.75 on September 29, 1993.
- b. Fair receipts are deposited into the revolving account rather than with the county treasurer as required by law.
- c. After the end of the county fair, all funds in the revolving account are remitted to the county treasurer. The county fair occurs in April of each year. The funds from the 1993 fair were not remitted to the county treasurer until September 1993. This resulted in a five month delay in the remittance of \$43,309.75.

Washington State Constitution Article XI, Section 15 states in part:

All moneys . . . collected for the use of any county . . . coming into the hands of any officer thereof, shall immediately be deposited with the treasurer . . . for the benefit of the funds to which they belong.

Due to the delay in the deposit with the county treasurer, the county experienced a loss of interest revenue that could have been earned on these funds over the five-month period.

- d. Checks were written out to cash in the amounts of \$7,200 and \$700 in April 1993, and endorsed by the fair treasurer. The fair treasurer could not provide accountability as to the disposition of the cash other than that the cash was used to create change funds for entrance gate and parking attendants. We find the amount of \$7,900 for change funds excessive since the fair only has four entrance gates and minimal parking attendants. A control log documenting the disbursement and subsequent return of the funds was not completed by the fair treasurer. We cannot obtain reasonable assurance as to the disposition of this cash.
- e. We noted 13 voided checks that had been presigned by a member of the fair board and the fair treasurer. The voided checks represented those that were remaining after all payments had been made. The checking account requires two signatures. The fair treasurer said that the checks were presigned and given to the fair secretary in an effort to expedite payment of premiums and services associated with the fair. Presigned checks present a risk that unauthorized payments could be made and go undetected over a long period of time.

County fairs represent an area of high risk in that most of the transactions are for cash.

Without an adequate system of internal control over cash, the likelihood that errors or irregularities may occur and not be detected is greatly increased.

We recommend that officials improve control procedures over cash accountability for the operation of the fair.

We further recommend that county officials review the authorized balance for the revolving account to determine if the balance is appropriate.

2. Internal Controls Over The County's Collection And Deposit Of State Agency Revenues Should Be Improved

Cash receipt testing of the Department of Licensing (DOL) account was performed in the county auditor's office. We also reviewed the results of the Department of Licensing audit report No. 93026 issued in March 1993. We found that many deficiencies reported in the DOL report had not been resolved as of June 1994. We noted that the following weaknesses exist:

- a. Deposits are not made intact. The auditor's office uses the change fund to balance the deposits to receipts.
- b. We noted manual adjustments to the cash and check composition of daily deposits to document the true composition of the deposit.
- c. Daily cash reports were reviewed for a 16-day period. For that period, we found cash was in balance one day, short on 10 days, and over on 5 days.
- d. Review of the composition of deposits disclosed that adjustments were made to totals for checks and cash on 8 out of 16 days.
- e. Inventory of license tabs was not being completed monthly as required by the DOL.
- f. License tabs were not secured overnight. The need for safeguarding license tabs is not viewed as significant by the auditor's office.

The weaknesses in cash collection and depositing procedures may result in the failure to detect errors and irregularities in a timely manner. In addition, the county auditor's office is subject to losses resulting from possible theft of license tabs. Such losses may be difficult to detect as the county has not been taking a periodic physical inventory of tabs or properly securing the license tabs for overnight storage.

We recommend that the county implement procedures to provide for proper collection and deposit of moneys received on behalf of the DOL. We also recommend improved safeguarding of license tabs. We further recommend that the compliance findings reported by the DOL auditors be resolved.

3. The County Treasurer Should Reconcile Cash And Investments To The General Accounting System

The December 31, 1993, financial statements reflected a balance of cash and investments owned by the county of \$2,837,462 while this office confirmed \$5,881,290. This resulted in a difference of \$3,043,828 between actual amounts and the financial statement amounts. The county's financial statements are materially misstated due to this difference.

Per inquiry of the treasurer's office, they are unaware of the exact composition of the cash and investments at year end. A detailed listing of individual cash accounts and individual investments could not be provided to the auditors. This resulted in increased audit resources to determine the actual accounts and account balances on hand at year end. In addition, all of the bank accounts operated by the individual county departments are not accounted for in the general ledger. The county treasurer is not an authorized signatory on the departmental bank accounts. The amounts held in departmental checking accounts at December 31, 1993, was \$43,536 per auditor confirmation.

During our audit of cash and investments, we determined that the actual balances confirmed at December 31, 1993, were \$44,654 higher than the amounts recorded in the general ledger. The difference could not be explained by the county treasurer.

RCW 36.29.020 states in part:

The county treasurer shall keep all moneys belonging to . . . any county, in his or her own possession until disbursed according to law.

In the absence of performance of the above procedures, the likelihood that errors and irregularities may occur and not be detected in a timely manner is greatly increased. In addition, the county treasurer cannot ensure that information provided to other political subdivisions is accurate. The political subdivisions rely on information provided by the county treasurer.

We recommend that the treasurer's office perform the following functions to ensure that cash and investments are properly accounted for:

- a. Maintain a monthly listing of all cash and investments held in banks and the state investment pool by account number and total dollars.
- b. The amounts per the reconciled bank statements should be reconciled to the amounts presented in the general ledger to provide an independent verification of cash and investments.
- c. The county treasurer should be a signatory on all county bank accounts.
- d. The treasurer's office personnel should become more knowledgeable about the electronic data processing system and the relationship between input and output.
- e. All county bank accounts should be recorded in the general ledger.

4. The County Should Implement Control Procedures To Determine Validity Of the Adjustments Or Cancellations To Property Tax Assessments

During our audit of property tax revenue, we determined that the following weaknesses exist for recording adjustments to property tax records:

- a. There is no control log of the adjustment requests initiated or processed.
- b. There is no supervisory review or approval of adjustments and cancellations initiated in the assessor's office.
- c. There is no central file of documentation to support the changes to property tax rolls.
- d. Personnel in the treasurer's office and the assessor's office have access to the property tax rolls.
- e. Transaction proof lists showed evidence of reversing or correcting entries being accomplished by data entry or a receipt transaction indicating a negative amount. These procedures do not provide a clear audit trail of transaction activity.
- f. The information presented on the schedule of real and personal property taxes does not agree to the general ledger or the tax levies.

Because of the weaknesses noted above, it is possible for errors or irregularities to occur and not be detected during the normal course of business. Without adequate control procedures, county officials cannot be assured that adjustments and cancellations to the property tax rolls are proper and valid.

We recommend that the county implement procedures to ensure that adjustments and cancellations to property tax assessments are valid. At a minimum these procedures should include:

- a. All changes that affect tax cancellations, refunds, supplements, or corrections should be approved by an employee who does not have receipting or posting access.
- b. A control log documenting all adjustments, cancellations, and refunds should be maintained to provide accountability for these transactions. Documentation supporting the adjustments, refunds, and cancellations should be located in a central area.
- c. The tax collection registers should be reviewed on a monthly basis, and transactions relating to adjustments, refunds, or cancellations should be reviewed and compared to support.

5. Internal Controls For Approval, Processing, And Issuance Of Warrants Should Be Improved

The following deficiencies were noted in the internal control structure for the approval, processing, and issuance of warrants:

- a. Blank warrant stock is not stored in a secured area that is inaccessible to unauthorized personnel. Warrant stock is stored in three locations. The county auditor and data processing department have access to warrant stock.
- b. Blank warrants are not prenumbered, nor is any form of accountability maintained. The county auditor inputs the beginning warrant number for each processing period. The computer system does not require warrant numbers to be sequential from one warrant run to the next.
- c. Numerous warrants on the register have been crossed out. There was no indication of either cancellation or void status.
- d. Voided regular warrants are not retained or accounted for. In our testing we were unable to locate these warrants that had been voided and replaced with manual warrants.
- e. Numerous warrant amounts have been changed in the warrant register without adequate explanation.
- f. The county auditor processes manual warrants without any review or approval. Manual warrants are not accounted for separately. In the instances when regular warrants are cancelled or voided, a manual warrant is processed to replace the original warrant. The original warrant number is being duplicated on the manual warrant.
- g. The commissioners review and approve the voucher approval register. This report is printed before the warrant register, therefore the commissioners do not review or approve the warrant register. The county auditor does not utilize an edit report before processing the warrants. Since the voucher approval register and the warrant register are often erroneous and subsequently altered, the commissioners are not approving the actual warrants paid.
- h. The usage of the signature plate which signs warrants issued is not accounted for or monitored.

We consider these conditions to be material weaknesses in the internal control structure over the processing of warrants and payment of expenditures. Many of the weaknesses stated above were communicated in prior audit reports.

Poor internal controls increases the risk that irregularities and material errors may occur and not be detected in a timely manner. Additionally, it reduces the reliability of financial data produced by such a structure. County officials cannot be assured that the expenditures are legal, proper and authorized, or the financial information presented is accurate.

We recommend that county management ensure than an adequate internal control structure over the approval, processing, and issuance of warrants be implemented and monitored. As a minimum this control structure should include:

- a. Warrants should be stored in a secured area, limiting access to the stock to authorized personnel.
- b. The county should acquire and use prenumbered warrant stock or implement other compensating controls.
- c. Procedures should provide reasonable assurance that warrant stock is used only as authorized by the county auditor.
- d. An inventory log should be used to record and account for all usage of warrant stock, including spoilage, manual warrants, cancelled warrants, and voided warrants.
- e. The county auditor should periodically test the usage of warrant stock, by verifying the continuity of sequence numbers.
- f. Proper edit reports should be utilized to prevent erroneous warrants from being printed.
- g. All voided warrants should be retained.
- h. The county commissioners should review and approve the warrant register rather than the voucher approval register.

6. The County Should Improve And Strengthen Control Procedures For Processing And Approving Claims Vouchers To Comply With State Statute

During our audit of accounts payable vouchers, we determined that the following weaknesses exist:

- a. The individual vouchers are not certified by the auditing officer. The auditing officer signs the voucher approval register indicating approval of the claims vouchers.
- b. Of the vouchers tested, 25 percent were not supported by an original invoice or other adequate supporting documentation.
- c. Claims vouchers are not prenumbered. Voucher stock is not accounted for.
- d. We noted discrepancies between the amounts of vouchers approved for payment, warrants that were issued, and warrants that were listed on the warrant register. These discrepancies could not be accounted for. Inadequate explanations were given for these discrepancies.
- e. Payments in the amounts of \$73,186 in 1992 and \$84,789 in 1993 for personal services were made without a written personal services contract. Without a written contract, it is difficult for the auditing officer to determine if the services being claimed are in accordance with the oral agreement.
- f. Reimbursements or transfers between funds are being processed through the voucher system.
- g. All vouchers selected for testing could not be located.
- h. Purchase orders are not used consistently and sometimes prepared after the goods have been received by the county.

RCW 36.22.040 states in part:

The county auditor shall audit all claims, demands, and accounts against the county which by law are chargeable to the county . . . Such claims as it is his duty to audit shall be presented to the board of county commissioners for their examination and allowance.

RCW 36.22.070 states in part:

He shall also retain all original bills and indorse thereon claimant's name, nature of claim, the action had, and if a warrant was issued, date and number the voucher or claim the same as the warrant.

The system of internal controls associated with the processing of claims vouchers does not provide reasonable assurance that material errors or irregularities are not occurring nor being detected in a timely manner.

We recommend that the county improve and strengthen control procedures for processing and approving claims vouchers to comply with state statute. At a minimum these procedures should include the following:

- a. The auditing officer should review, approve, and certify each claims voucher.

- b. Claims vouchers should be supported by original invoices.
- c. The county should use prenumbered claims vouchers, or implement other compensating controls, to provide accountability for all claims processed. The auditor's office should control and monitor usage of the voucher stock through the use of a stock inventory log.
- d. An edit process of the claims vouchers should be performed prior to processing the warrants to avoid errors from occurring during the printing of the warrants.
- e. Written personal services contracts should be obtained for all personal services performed for the county.
- f. Transfers between funds should be processed through the use of a journal voucher.
- g. Goods to be purchased should be requested by the end user and documented on a requisition form approved by the department head. The approved requisition should be the basis for production of a purchase order. Purchase orders should be routed through the auditor's office for verification that adequate funds are available for the purchase.

7. The County Should Establish And Implement Control Procedures Over Personnel Policies And Ensure That Payroll Transactions Are Properly Processed

Our tests of the county's payroll system disclosed internal control and accounting weaknesses over (1) segregation of duties between the payroll and personnel functions, (2) the documentation and approval of time charged, (3) accounting for vacation and sick leave, (4) maintenance of personnel files, and (5) processing of the payroll. Many of these weaknesses were the subject of prior audit findings. These noted weaknesses are:

- a. Inappropriate segregation of duties exists between payroll processing and personnel functions. Currently, the auditor's office is performing both personnel functions and payroll processing on the general accounting system. The payroll clerk has the capability to add, delete, or change employee information. The clerk performs both the payroll processing function and distributes payroll checks. There is no evidence of supervisory review of any of the work produced by the payroll clerk.
- b. An excessive number of errors in the processing of payroll are occurring due to the lack of an edit process.
- c. Draw pay is issued through the accounts payable process, rather than the payroll process. Draw pay is manually tracked for deduction from regular pay. The payroll clerk is not maintaining a copy of the associated warrant register as a control document to verify the deductions for draw pay in conjunction with the regular monthly pay process. This often results in erroneous payroll warrants.
- d. Testing of draw pay disclosed that one employee received greater than 40 percent of her salary as draw pay. State regulations limits the draw pay to 40 percent of the employee's monthly salary.
- e. The payroll clerk has unmonitored access to warrant stock which is used to process system generated and manual warrants. There is no review or approval of warrants produced.
- g. Updates to the personnel master files are not documented or reviewed for appropriateness.
- h. The county does not have written policies and procedures for personnel actions and payroll processing. Each department is operating autonomously.
- i. Personnel files are not centralized. Personnel files are not maintained for all employees.
- j. Department heads currently have the ability to hire staff, approve timesheets, receive and distribute paychecks, and maintain personnel files.
- k. Uniform policies and procedures do not exist for usage of employee leave slips and record keeping for compensatory time earned or taken.
- l. Some county departments do not prepare timesheets that are certified by the employee.
- m. Overtime was paid without approved timesheets in some county departments.
- n. Leave slips cannot be relied upon as a complete source of information regarding

leave usage. Monthly time reports or daily time cards should be used as a more reliable source.

We consider the conditions cited above to be material weaknesses in the payroll internal control structure.

RCW 36.17.040 states in part:

... the county legislative authority ... designate the first pay period as a draw day. Not more than forty percent of said earned monthly salary of each such county officer or employee shall be paid to him on the draw day ...

The AICPA's *Professional Standards*, Volume A, in Section 320.37 states:

Incompatible functions for accounting control purposes are those that place any person in a position to both perpetrate and conceal errors or irregularities in the normal course of their duties.

The combined effects of internal control weaknesses over segregation of duties between the payroll and personnel functions, the documentation and approval of time charged, accounting for vacation and sick leave, maintenance of personnel files, and processing of payroll increase the risk that errors or irregularities could occur during the normal course of business and not be detected in a timely manner.

The lack of standard written policies and procedures for all county departments detracts from accountability. Under the current system, county employees may not be compensated at the proper amounts. Incomplete documentation inhibits the complete understanding of the system's function.

We recommend the county take the following actions:

- a. Establish appropriate separation of duties between payroll processing and personnel functions.
- b. The personnel officer should have access to the master file fields in the computer system. The auditor's office should be restricted from accessing these fields and be limited to the processing of payroll.
- c. The payroll clerk should perform an edit of the payroll journal and review to determine that all amounts are accurate before payroll warrants are processed.
- d. Documentation should be maintained for all changes to personnel master files and reviewed for appropriateness.
- e. The county should consider modifying the payroll system to include draw pay processing. Draw pay voucher approval register should be retained by the payroll clerk as a control/source document for data entry of draw pay deductions during the preparation of the regular monthly payroll in order to minimize errors and avoid possible duplicate payments.
- f. The county should establish formal written policies and procedures for personnel actions and payroll processing that are uniformly applicable to all departments.
- g. Hiring of county employees should be processed through the personnel officer.

Personnel files for all county employees should be maintained by the personnel officer.

- h. All employees should be required to submit a certified time record, including documentation that leave taken is approved.

8. County Officials Should Monitor Budget Appropriations

The county made expenditures which exceeded approved budget appropriations in six county funds in 1993 and in six county funds in 1992. Those funds and the amount of exceeded appropriations are:

	<u>1993</u>	<u>1992</u>
Insurance In-Lieu-of Taxes	\$3,051	\$ -
LID 90-1 Bond Redemption	8,677	9,050
Law Library	141	815
EMS Reserve	6,500	-
Building Fund	2,100	18,159
Emergency Medical Services	-	30,961
County Fair Building Reserve	-	5,000
Veteran Relief	-	1,377

RCW 36.40.100 states in part:

... every county official shall be limited in the making of expenditures or the incurring of liabilities to the amount of the detailed appropriation items or classes

RCW 36.40.130 states in part:

The county auditor shall issue no warrant and the county commissioners shall approve no claim for any expenditures in excess of the detailed budget appropriations or as revised

Because the county lacks procedures for monitoring of county expenditures and periodic review of individual funds to determine their financial position, expenditures exceeded appropriations in 1993 and 1992.

We recommend that county officials comply with state statute. We further recommend that the county implement procedures to monitor fund expenditures.

9. The County Should Strengthen Control Procedures Over Official Travel And Ensure Adherence To State Regulations

During our audit of travel related expenditures we noted the following weaknesses:

- a. Signature of the claimant was not always obtained to certify that the travel was incurred on official county business.
- b. Reimbursement of travel expenses are not handled consistently for all county departments.
- c. Itemized travel expense vouchers were not always prepared to obtain reimbursement of travel expenses incurred.
- d. Statement of the purpose and date that travel charges were incurred was not always documented.
- e. Travel expenses are not supported by formal travel expense vouchers for all county departments.
- f. Advance travel accounts are not handled in compliance with state regulations. The county commissioners, sheriff's department, and public works department maintain separate advance travel accounts.
 - (1) Payments for purchases of supplies and equipment are being made from advance travel funds.
 - (2) Payments were made for employee training.
 - (3) Advance travel request forms authorizing payments are not being used consistently.
 - (4) Advance travel payments are being made to persons that are not county employees or elected officials.
 - (5) Payments to vendors are being made directly from the advance travel accounts for travel related expenses.

RCW 42.24.130 states in part:

The legislative body of a municipal corporation . . . wishing to make advance payments of travel expenses to officials and employees . . . will establish, in the manner that local legislation is officially enacted, a revolving fund to be used solely for the purpose of making advance payments of travel expenses.

RCW 42.24.120 states in part:

Such advances shall be made under appropriate rules and regulations to be prescribed by the state auditor.

The *Budgeting, Accounting and Reporting System* (BARS) manual, Volume 1, Part 3, Chapter 3, states in part:

The Advance Travel Expense Account must be solely for travel

expenses, not direct payments to vendors . . . It must not be used for personal loans, payment of airline tickets, pre-registration fees, reimbursements to employees or officers for travel already incurred, etc.

As a result of the county's failure to adhere to the statutory requirements, the advance travel account is being used to pay for expenses which should more properly be paid through a petty cash revolving fund or the voucher system.

RCW 42.24.090 states in part:

No claim for reimbursement of any expenditures by officers or employees of any municipal corporation or political subdivision of the state for transportation, lodging, meals, or any other purpose shall be allowed by any officer, employee or board charged with auditing accounts unless the same shall be presented in a detailed account.

Without adequate control procedures and adherence to the statutory requirements, the county cannot be sure that the expenditure of public moneys for travel expenses are properly authorized and legally spent.

We recommend that county officials strengthen control procedures over official travel to ensure that disbursements properly authorized are made in accordance with state statute and regulations.

10. District Court Should Improve Internal Controls Over Recording And Receipting Of Revenues And Develop Adequate Segregation Of Duties

During the audit of the district court, we found the following weaknesses in its internal controls and segregation of duties:

- a. Our testing indicated that all time-pay accounts are not recorded in the District Court Information System (DISCIS). A number of time payment accounts have not been paid for over one year. Since the cases are not entered in DISCIS, the court has no method to monitor these accounts and subsequently is unable to submit delinquent accounts to the collection agency.
- b. Accounts receivable adjustments reflected no evidence of approval or date of account posting to case files.
- c. Weekly or monthly monitoring of accounts receivable is not being performed.
- d. Cash receipts received through the mail are being opened, receipted, and posted by only one person.
- e. Rediform receipts are issued for payments received during court sessions.
- f. There is a lack of segregation of duties between cash receipting, posting citations, posting receipts, reconciling daily receipts, preparing bank deposits, performing the bank reconciliation, and preparing the monthly remittance checks.
- g. The district court is submitting municipal court revenues to the county treasurer rather than directly to the respective municipal treasurer as required by RCW 3.62.040.

RCW 3.62.040 states, in part:

(1) . . . all costs, fines, forfeitures and penalties assessed and collected . . . by district courts because of city ordinances shall be remitted by the clerk of the district court at least monthly directly to the treasurer of the city wherein the violation occurred.

Weak internal controls pertaining to recording and receipting and a lack of segregation of duties increases the risk that errors and irregularities may occur and not be detected in a timely manner.

We recommend that district court improve its internal control procedures to ensure that transactions are properly recorded and receipted, and that segregation of duties be established. As a minimum the control procedures should including the following:

- a. All court cases should be input into the system.
- b. Accounts receivable adjustments should reflect evidence of approval and be documented in the case files.
- c. The accounts receivable adjustments audit reports should be retained for audit purposes.
- d. Cash receipts received through the mail should be opened by two employees. A list should be maintained of all mailed receipts, initialled by the two employees,

and retained with the daily cashier's report summary for audit purposes.

- e. The court should discontinue the use of rediform receipts.
- f. The court administration should review the transactions processed by the court on a routine basis to provide a compensating control for the lack of segregation of duties.

11. The Sheriff's Department Should Improve And Strengthen Control Procedures Over Cash Receipting, Drug Investigation Funds, Advance Travel Account, Citations, And Property Room

During our audit of the sheriff's department we noted significant weaknesses in the internal controls over the following operations:

a. Cash Receipting

- (1) Official county receipts are not used on initial transactions. Rediform receipts are issued if a customer requests a receipt. Otherwise, no receipt is written at the time of transaction.
- (2) Official receipts are used to summarize the weekly transactions. The mode of payment is not indicated on the official county receipts. We were unable to determine if receipts are deposited intact.
- (3) Receipts are not forwarded to the county treasurer in a timely manner.

Washington State Constitution Article XI, Section 15 states in part:

All moneys . . . collected for the use of any county . . . coming into the hands of any officer thereof, shall immediately be deposited with the treasurer . . . for the benefit of the funds to which they belong.

- (4) There is a lack of segregation of duties between cash receipting, balancing daily receipts, preparing bank deposits, and performing the bank reconciliation.

b. Drug Investigation Funds

- (1) The drug investigation fund operates as an imprest fund according to county resolution. We were unable to locate a resolution stating the authorized balance for this account.
- (2) Deposits from outside sources are being made directly to the imprest fund rather than being deposited with the county treasurer. Replenishments from the auditor's office should be the only deposits to this account.
- (3) Support for expenditures was not available for audit purposes.
- (4) Checks are written to departmental detectives which are cashed and used as drug buy funds. Accountability for the use and/or return of these funds was not available.
- (5) This account is not always reconciled between the check register and the bank statement.
- (6) The petty cash associated with this account does not have a specified balance. We were unable to reconcile cash on hand at audit date as the control ledger could not be located. A week later the control ledger was located by department personnel.

c. Advance Travel Account

- (1) This account is being used for purchases of supplies, training expenses, and

procurement of equipment as well as for authorized advance travel.

(2) The authorized balance in this account is \$1,000. The highest balance in this account was \$3,703.96 on March 25, 1994. This occurred because receipts from outside sources are being deposited in this account. The only deposits to the advance travel account should be replenishments for travel expenses incurred.

(3) Supporting documentation for expenditures and deposits could not be located for review at the time of audit.

d. Citations

(1) No accountability exists for the issuance and usage of citations. Responsibility for this function has not been assigned to department personnel.

(2) Unused citation books are not stored in a secure area that limits access by unauthorized personnel. Deputies issue books of citations to themselves.

(3) Records of citations are not audited on a regular basis.

RCW 46.64.010 states in part:

The chief administrative officer of every such traffic enforcement agency shall be responsible for the issuance of such books and shall maintain a record of every such book and each citation contained therein issued to individual members of the traffic enforcement agency and shall require and retain a receipt of every book so issued.

Every record of traffic citations required in this section shall be audited monthly by the appropriate fiscal officer of the government agency to which the traffic enforcement agency is responsible.

e. Property Room

(1) Responsibility for recording property and evidence is not placed on a specific individual.

(2) All property located in the secured storage areas could not be reconciled to the evidence log. Review of the property log showed sporadic recording of property.

(3) Property recorded on the evidence log could not be located in the secured storage areas.

We recommend that the sheriff's department take the following actions to improve and strengthen the control procedures over cash receipting, drug investigation funds, advance travel account, citations, and property room:

a. Cash Receipting

(1) Official county receipts should be issued for each cash receipting transaction, mode of payment should be indicated, and deposits should be made intact.

- (2) Receipts should be forwarded to the county treasurer on a daily basis.
- (3) The sheriff's depository account should be closed.
- (4) Supervisory review and approval of the civil deputy's responsibilities should be performed.
- (5) The county treasurer should be an authorized signatory on all county bank accounts.

b. Drug Investigation Funds

- (1) The drug investigation fund should be operated as an imprest account as authorized by resolution.
- (2) Revenues other than replenishments to the drug investigation fund should be deposited with the county treasurer.
- (3) Support for all disbursements out of the drug investigation fund should be retained to provide accountability.
- (4) Oversight and periodic reviews of the activity in the drug investigation fund should be performed by appropriate personnel.
- (5) All cash on hand should be accounted for. A control log should be maintained and available for audit purposes.

c. Advance Travel

- (1) The advance travel account should be maintained at the authorized level.
- (2) Expenditures from this account should be limited to pay for travel advances only, as permitted by state regulation.

d. Citations

- (1) Responsibility should be assigned to monitor the issuance of citations. Procedures designed to account for all citations should be implemented.
- (2) The unused citation stock should be stored in a secured location. Access to citations should be through the person assigned responsibility for citation control.

e. Property Room

- (1) Responsibility for recording property and evidence should be placed on a specific individual.
- (2) All evidence should be recorded on a control log indicating the exact storage location or disposition.
- (3) A periodic review of the property room should be performed by someone other than the property officer to provide an internal audit function.

12. Annual Financial Reports Should Be Submitted Within The Required Time Period

The county did not submit the annual financial reports, including the Schedules of Federal Financial Assistance, for fiscal year ended December 31, 1992, until August 19, 1993. The report was due May 30, 1993. This condition was also reported in prior audit reports.

RCW 43.09.230 states in part:

The state auditor shall require from every taxing district and other political subdivisions financial reports covering the full period of each fiscal year, in accordance with the forms and methods prescribed by the state auditor, which shall be uniform for all accounts of the same class.

Such reports shall be prepared, certified, and filed with the division within one hundred fifty days after the close of each fiscal year.

Their substance shall be published in an annual volume of comparative statistics at the expense of the state as a public document.

In addition, the federal government's Office of Management and Budget (OMB) Circular A-102, Attachment G, requires the grantee's financial system provide for accurate, current, and complete disclosure of financial results of each grant program.

The county auditor indicated that the failure to prepare timely annual reports was caused by staffing problems and an accounting system which requires additional time and effort to obtain accurate financial information from outside the accounting system. Untimely and late preparation of financial reports results in inadequate disclosure of the county's financial activities and may jeopardize future federal funding.

We recommend the county prepare and submit the annual financial reports in a timely manner.